THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKRA MURTHY): (a) Broadly the reasons for the latest rise in the prices are ascribed to the following factors;

(i) production shortfalls in 1993-94 in sugar, cotton, jute and groundnut causing short term supply imbalances leading to sharp rise in their prices;

(ii) spill over effect of administered price increase in wheat, rice, sugar and energy inputs in later months of 1993-94;

(iii) cumulative impact of large increase in minimum support prices continuously for past three years has resulted in higher primary products prices and produced upward pressure on the wage goods;

(iv) Fiscal deficit continuing on the highside; and

(v) high growth of monetary variables, mainly because of strong build up of foreign exchange reserves.

(b) to (d) The liberalisation process is not the cause of the recent uptrend in prices nor is it directly related to Government's internal borrowing.

(e) Higher inflows of foreign currencies in the form of increased foreign exchange reserves tend to lead to higher monetary expansion, which is one of several factors contributing to inflation.

(f) RBI does not print new currency for converting foreign currencies into rupee.

(g) and (h) The amounts of increase in Money Supply (M3) in the last three financial years are as under:

	Rs. '000 crores
1991-92	50.4
1992-93	50.9
1993-94	66.7

Reserve Bank of India projects money supply (M3) growth keeping in view various macro-economic variables including expected growth in GDP.

Instalment of insured policy

1111. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) what are the elements taken into consideration for determining the instalment on insured policy;

(b) whether all these elements are covered in every instalment of the policy; and

(c) whether all the amount of instalment are refunded to the policyholder without any restrictions for qualifying period in case of lapsed policies; if not the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) The LIC have informed that the elements taken into consideration for determining premium rates are Mortality, Interest and Expenses.

(b) LIC have informed that the Tables of premium rates are constructed based on all the elements mentioned in (a) above.

(c) No, Sir. LIC have informed that the initial expenses incurred and the cost of risk cover provided during the period the policy was in force, do not make it possible for a life insurance company to refund to the policyholders all the instalments received when a policy lapses.

Insurance Act and LIC Act

1112. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Insurance Act of 1938 and LIC Act of 1956 are still in vogue:

(b) whether the Act has specific provision that LIC business could only be secured through the agents;

(c) whether it is a fact that any business directly secured by LIC falls under the provisions of penalty clause as provided in Insurance Act of 1938; and

(d) if so, whether Government have collected any penalty from LIC since 1956?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir. However, under Section 43 of the LIC Act, 1956 only certain sections of the Insurance Act, 1938 have been made applicable to the LIC.

(b) to (d) The information is being collected and will be laid on the Table of the House.

Pending cases of accident claims

1113. SHRI SATISH PRADHAN: Will the Minister of FINANCE be pleased to state:

(a) what is the number of accident/damage claims pending against the General Insurance Cos;

(b) the number of claims and amount of compensation paid to the claimants through normal judicial process;

(c) the number of cases still pending with the judiciary and the amount of compensation claimed;

(d) the number of cases decided by Lok Adalat and consequential compensation paid during the last three years; and

(e) Whether Government propose to bring change in General Insurance laws for awarding speedy relief to the accident claims, specifically for road accidents?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (e) The information is being collected and will be laid on the Table of the House.

Devaluation of Indian rupee

1114. SHRI VIRENDRA KATARIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering any proposal to devalue the Indian rupee vis-a-vis the dollar in near future; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) No, Sir. The exchange rate of the rupee is market determined.

(b) Question does not arise.

Nominee directors of vartous companies

1115. SHRI GURUDAS DAS GUPTA:
SHRI JALALUDIN ANSARI:

Will the Minister of FINANCE be pleased to state:

(a) whether institutions like the Industrial Finance Corporation of India (IFCI) have numerous nominee Directors on the Boards of various companies;

(b) if so, the number of such nominee Directors on the Boards of various units with the names of the respective companies;

(c) whether strict guidelines have been given to nominee Directors to act objectively etc.; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.